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tools are all made by villagers using the palms and bamboos of their setting. Boats, shoes and tools are made of wood by peasants, mostly for their own use. While this type of industry usually secures no place in national statistics and has low monetary value, it plays a most important part in Southeast Asia life which may be described as still in the "Wood Age" so far as most peasant and rural life is concerned. Domestically-made cigars and cigarettes supply local needs and rapidly displace the *areca* or *betel* chewing habit. In Burma, the Philippines and Java cigar-making has become commercialised for trade and export; in Java some $9 million of hand-made cigarettes entered trade during 1937.

Throughout the region, too, are scattered remnants of a metal-working industry, as in the beaten silver of Malaya and Java, the niello work of Siam, and the gold settings for precious stones in Burma.

But these domestic industries rank as small by external standards and they play a negligible part in international trade. They must not be forgotten, however, because in the evolution of Southeast Asia we may see grow up forms of industrialisation originating in these domestic industries, as has been the case in the industrial evolution both of Europe and of the Far East. In these domestic industries little or no money is involved. At their simplest they are "subsistence industries" providing the family needs and scarcely anything more.

Thus most Southeast Asia people produce what food their families need and what articles they need. Their requirements from outside are very small and in any case their way of life involves so little money that they have small means to buy anything outside their local subsistence ecology. That was the earlier condition everywhere in Southeast Asia before the industrial revolution in Europe, and it continues both in the simple form and in many variations even today, when there have evolved groups of people in Southeast Asia who are entirely dependent on wages to buy food and what other articles they need. The subsistence principle is still strong in that very little money interchange goes on among the great majority of the population; some of them by doing part-time work earn wages, yet the money they earn has a very low average, indicated by the very low per capita revenues of the various states. Just before the war, Indochina revenue

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additional expansion under the almost autarchic conditions of the war period. Political instability within India can, however, offset this advantage.

It is to be noted that the great markets for goods manufactured from Southeast Asia commodities so far have been in Europe and the United States. The little nations of Southeast Asia seem ill-prepared to absorb much of them for some years. Because food is produced in such large quantities in this typically agricultural zone, we may not overlook the possibilities of manufacturing foods in forms such as biscuits, jam and canned varieties. Hitherto the tight association with industrialised colonial powers has to some extent dissuaded intense application to the miscellany of industrial productions possible in Southeast Asia, yet the local nationalisms and the incentive to establish more balanced social and communal systems tend to encourage local industries. Burma, Siam and Indochina before the war were only lightly touched by these tendencies to manufacture.

From the point of view of the rest of the world, a re-orientation of the tremendous quantity of Southeast Asia's primary agricultural materials now handled by processing industries already established in Europe and the United States, would have major effects, not least on the ability of those industries to maintain their manufactured exports at levels which have been increasing over the last century. Thus, a nationalistic Southeast Asia driving towards self-sufficiency industrially is likely to diminish the international trade streams to and from this region, though it may progressively increase the occupational activities and living standards of Southeast Asia people.

Intra-Regional Trade

A total value of about $400 million was involved in the prewar interchange of goods and commodities between one part and another of the Southeast Asia region. This intra-regional trade was relatively small because the component units of the region produced much the same commodities and goods, by reason of which the countries tended to be rivals rather than customers of one another. An additional factor was the pull of several metropolitan areas, Britain, France, Holland and the United States, which acted to lessen intra-regional trade and to lessen the regularisation and rationalisation of production in Southeast Asia as a whole. Food

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disparity could be attributed to replacement of capital equipment, yet it may indicate the beginnings of a great change in the function of Southeast Asia in world trade. Postwar revival by 1950 had become most spectacular in Malaya which, though the smallest political unit of the region, had re-established its trade and was responsible for nearly half the total trade of the region. The Philippines also recovered quickly, to be involved in a quarter of the trade.

Convergence of Routes

This region stands at zones of convergence for transoceanic routes between the very densely populated areas of India and China, and also between those areas and Europe, Australia and North America, so that international shipping is likely to converge upon Southeast Asia independently of purely colonial considerations which have hitherto specially drawn the Philippines into the U.S. shipping circuits, the East Indies into the Dutch, and the rest of Southeast Asia into the British shipping streams. French shipping has been relatively little involved, certainly not more than Danish, Italian and German and far less than the Japanese.

The convergence of shipping routes has left a heritage of convergent air routes which are tending to follow closely the shipping lanes, making Southeast Asia the terminus of the air lanes from North America down through the belt of narrow seas along the West Pacific (linking the United States with Japan, China and Java population centres) and from Europe across the "Eurasian Mediterranean" of Southwest Asia and India, as well as a junction for lines to Australia, although the population and production of the latter scarcely justifies considering it in the long term as a major objective of airways in the way that India and China must continue to be.

Convergence of Interests

There is thus much to be coveted in Southeast Asia, the raw materials and the food it produces, the manufactured goods it needs, the commission on the coming and going involved, are all desirable and those who share or have shared in its $15,000 million 1950 trade turnover are inevitably defensive of their portion. Colonial powers have jealously divided up these assets in the past and it is to be expected that there will always be from India and

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● 433 China no less than from Europe and America, rivalry to share the trade of Southeast Asia.

Southeast Asia has been for a long time divided up by divergent colonialisms. Its prospect is to be divided within itself by divergent nationalisms which leave it only too open to the covetous from East and West, more particularly as Southeast Asia is the only zone providing a surplus of rice and the only zone likely to absorb even the shoddiest of cheap mass produced articles. From now on it is not only the western manufacturers who seek the great markets of Southeast Asia. The factories of India, China and Japan will be equally interested to enter this market—all of which suggests that the trading interests convergent upon Southeast Asia may increase rather than decrease.

Asia and Southeast Asia

In its relation to the rest of Asia, Southeast Asia has functioned chiefly as a source of food (rice from Burma, Siam and Indochina, and sugar from Java) and of money derived from Indian and Chinese remittances sent back to their homes by traders and labourers in the pioneer mining and planting zones. So far the region has been the only population and food "safety valve" for Asia, and the only "New World" for the teeming populations of India and China. Possibly it can continue to function in the same way for some time to come, but the food margin in Southeast Asia is decreasing. Other Eldorados of migration and food have in the past rapidly become overpopulated areas, needing imported foods—the rhythm of such a change-over may prove specially fast in a tropical region. Developments of the last century in Burma, Siam, Malaya and Java have certainly shown how rapidly changes can be brought about and how when certain types of pioneering and initiative are concerned, the people of these territories are capable of large-scale action. Directed into forms of cooperative rural and industrial activities aptly fitting their traditional subsistence farming and communal mutual assistance systems, their rate of industrialisation may prove as remarkable as their rate of commercialisation of agriculture over the last fifty years. Just as commercialised agriculture on its own has produced disruptions and breakdowns of many aspects of local life and reduced it to a degraded form, so also industrialisation without planning to fit in with the ecology of Southeast Asia may reproduce for long periods only the more

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sordid phases of industrialisation from which the West is just starting to emerge. Commercialised agriculture in Southeast Asia has led to rural slums; industry uncoordinated with this special environment may merely bring squalor and bad living conditions which it has taken years to eliminate from the older industrial centres, but which can easily go on for much longer in a more ruthless oriental setting.

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that the people have tolerated in the name of custom. Soon, however, there succeeds a second stage. So far as the people are released from customary inhibitions, economic forces are subject to no restraint but that of western law. In the West the law is an expression of social will, proceeding from the society itself and reinforcing custom, while adapting old customs to new circumstances. But in the tropics western law is imposed on society from outside, and, because it is not an expression of social will, it is powerless to restrain anti-social economic forces. These forces, liberated from the control of custom by the impact of the West, pursue their natural course, breaking down the social order, disintegrating native organic society into individual atoms, and, by thus depriving man of social protection against natural selfishness, operate more intensively, eliminating social values, and diffusing poverty. Let us then examine more closely the nature of their working; first, where the main object of colonial policy is development by native enterprise under direct rule, and then where it aims primarily at development by western enterprise under indirect rule.

Development by Native Enterprise. The development of native enterprise must be a chief object of policy in any dependency which is valued as a market for the products of the colonial power. If a subsistence economy prevails, it must be converted into a money economy by substituting money taxes for taxation in produce and labour. This compels the cultivator to sell his produce in order to pay his taxes, and he finds the best, and usually the only, market in crops suitable for export. The sale of his produce enables him to buy imported goods, and stimulates the desire for individual gain. Once this has been liberated from the control of custom, he needs little further inducement to concentrate on export crops, and wants more money so as to clear or buy land and hire labour; 'where crops are marketable, the ambition of owners is to plough as much land as possible'.[1] Exporters can best make certain of supplies by encouraging cultivators to borrow on the security of their crops; importers of western goods can sell more if the cultivators enjoy easy credit; and the more that cultivators borrow the greater is the profit of western banks which supply the fluid capital essential to the working of modern economic machinery. Thus exporters, importers and bankers all gain by the entanglement of the cultivator in debt, and, however much they may deplore the consequences, they must as men of business work on

[1] *African Survey*, p. 885.

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433 business lines. Men lose their land for debt and work as tenants, and the tenant who can live most cheaply can pay the highest rent, so that a larger portion of the surplus is available for the purchase of foreign goods. Caste in India has been of no avail to protect the cultivator against this process. Irrigation works, undertaken in the name of welfare, serve merely to expedite insolvency. In the Canal colonies of the Punjab, we are told, there is 'a high standard of rural prosperity', but this has tended to 'increase the mass of debt... moreover the debt is largely unproductive; little of it is incurred for land improvement. The moneylender is not in the least concerned with the purpose of a loan; his policy is to entangle the debtor to an extent that will leave him with just enough of the produce of his labour for the bare subsistence of himself and his family.'[1] But it is nonsense to blame the moneylender. A moneylender who did not work on business lines would soon be in the miserable position of the cultivator. The whole process illustrates the unrestricted working of economic forces, largely impersonal; and exporters, importers and bankers alike are all involved in it. In Lower Burma, as we have seen, the whole agricultural system has been 'industrialized', so as to produce the maximum net yield from land supporting only the minimum population requisite to produce that yield. But Lower Burma is exceptional only as an extreme instance of agricultural development under free competition in a tropical region, newly opened up among a people where custom does not exert the binding force of caste. Agricultural debt and the alienation of land are common to tropical dependencies in general. Even in some of the newer dependencies in Africa, debt has already assumed formidable proportions,[2] and, as conditions there have some resemblance to those of Lower Burma, one may expect future development to follow a like course. Ordinarily, economic development links up the cultivator with exporter, importer and banker through middlemen who absorb a portion of the profits, and the next stage in its working, after the cultivator has been reduced to penury, is the elimination of the middleman. This usually involves some measure of Government control over development, and appears as one of the early stages in the transition from a policy of *laissez-faire* to one of construction.

464 Economic forces react on individual welfare in yet another way. By stimulating the concentration of production on a few export crops, they enable the people to buy more imported goods. These compete

[1] *ISC*, I, 275. [2] *Britain and Her Dependencies*, p. 25.

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648 were revolutionized by the techniques and aims of the West.
175 After 1850, European-owned steamships began the gradual
177 process of taking over the bulk of the inter-port trade
648 from native sailing boats and Chinese junks. The opening
439 of the Suez Canal in 1869 made possible the great modern
505 expansion of Western rule and trade, and thereby brought about the economic and social revolution which has created the Southeast Asia of today. The year 1870 is the real dividing-line between medieval and modern in the history of Southeast Asia.[14]

175 Whereas during the sixteenth, seventeenth, and eight-
177 eenth centuries the various European nations active in South-
433 east Asia had, on the whole, limited themselves to trading
439 and acquisition of high-priced nonbulky commodities, such
648 as spices, the economic policy of the nineteenth century called for large quantities of bulky goods, such as sugar, fibers, oil seeds, coffee, and copra. Since the peasantry of Southeast Asia, almost without exception, raised only subsistence crops and had only limited surplus, it became necessary for the colonial powers to increase agricultural production. This was done in two ways: through the application of pressure on the peasantry to produce for export, and through the development of large-scale plantation agriculture.[15] The shift of emphasis from trade to production

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14. Harrison, op. cit., p. 197.

15. Karl J. Pelzer, "The Resource Pattern of Southeast Asia," Southeast Asia in the World Today, ed. Phillips Talbot. Chicago: The University of Chicago Press, 1951, p. 109.

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thus set a new stage -- the development of the natural resources of the whole region.

This change-over from a subsistence economy to a commercial economy involved the large-scale expansion of traditional crops or the development of new commercial crops. It was stimulated by the introduction or expansion of a money economy, the flow of capital and the development of land and sea transport. It was supported by Western technology, methods of administration and systems of justice. This whole process greatly affected the traditional institution, upsetting the balance of a medieval world. The free, individualist spirit of Western rule and commerce cut at the roots of traditional social life, undermining the corporate strength of family and village. But the most serious direct threat of the new economic forces was to the peasant's ownership of land. Expanding economies, new money taxes and cheap imports meant better business than ever for the money lender. Many peasants became ruined by debt and lost their lands. Indebtedness and debt slavery were not new in Southeast Asia; the latter was fairly soon stamped out, but the former now became much more widespread than before, resulting in the creation of a landless proletariat.[16]

Characteristics of Current Southeast Asian Economy

In spite of all the differences among the countries of Southeast Asia in the natural environment, ethnic

16. Harrison, op. cit., p. 210.

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184 distribution, and aspects of Western colonial policy which have tended to increase the contrasts between parts of the region, there are certain considerations of broader nature and of far-reaching significance that give validity to the concept of Southeast Asia as a regional unit possessing certain common features which will be discussed in brief as follows:

a. Common heritage of colonialism.
b. Dual economy.
c. Plural society.
d. Dominance of the agricultural section.
e. High rate of population growth.
f. Determination to industrialize.
g. Small size of market and slow rate of capital formation.

• 433 648 The direction as well as the pace of economic development in the colonial or protected areas of Southeast Asia has been primarily determined by the overriding economic interests of the imperial powers. Even in Thailand, where political independence was preserved, economic dependence upon European capital resulted in the creation of a characteristically 'colonial' economy. This is exemplified by the following conditions: (1) producer of raw materials; (2) concentration on a few export products; and (3) lack of manufacturing industries. As a consequence, these countries are highly affected by substitution, price fluctuations, and changes in consumer demand. Furthermore, they are dependent on limited markets for export, and hence are adversely

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433 affected by these few importing countries' determination
648 to be self-sufficient in food.

181 A dual economy as a distinctive character of colonial
433 rule is a theory propounded by some Dutch economists who contend that in tropical dependencies there are two distinct systems of economy. In the Western sector economic forces act in strict accordance with the economic laws enunciated by the earlier classical economists; but in the Eastern sector these laws have no force, and Western economic principles are inapplicable. The Western sector is ultra-capitalist since economic forces act freely, not even subject to the social inhibitions which still restrain them in Europe or the Western world; the Eastern sector, on the other hand, is precapitalist, with prestige carrying more weight than profit and communal influence restraining the individual desire of gain.[17] One
433 of the consequences of a dual economy is that it is difficult
438 to conduct business because the people will not trade on
439 Western lines. Inefficiency in trade leads to high operational cost and thus to social waste. Moreover, there is a
648 likelihood of exploitation of indigenous people by Western traders as well as by foreigners of Asian origin who are free from social restraint.

563 One feature that has long been common to the countries of Southeast Asia and is so obvious that it could not fail

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17. J. S. Furnivall, "Cooperation, Competition, and Isolation," Southeast Asia in the World Today, ed. Phillips Talbot, op. cit., p. 71.

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563 to impress even the most unreflecting sight-seer is the medley of ethnic groups. What is almost equally apparent
563 is that these ethnic groups do not mix. Each has its own
571 quarter, its own temple, its club or other meeting ground for social functions, its own forms and places of entertainment and recreation. They do not meet in these places but only in the market place to make money out of one another or perhaps with one another. They have no common link except in business. What is not quite obvious is that each ethnic group has its own special economic function. There is a plural society with its own distinctive and characteristic plural economy.

563 Typically, a plural society in Southeast Asia com-
565 prises three main sections: the Europeans, constituting an
• 433 upper class; the foreign orientals, Indian or Chinese, consti-
571 tuting a middle class; and the great mass of the native population in the lower class. The Europeans and foreign orientals are temporary residents, strangers to one another or at best casual acquaintances, and the native community is little more than a crowd of individuals. In the relations between the classes, there are no social ties to dull the edge of economic competition. Within each class, inherited traditions lose their force. Society as a whole is divided into groups; each group is merely a collection of individuals, and in each group life is simplified to an economic struggle for existence. Social life is reduced to its economic content, society is converted into a business concern, and only the

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563 foreign army of occupation has preserved it from disruption.
565 The essential and distinctive character of a plural society
• 433 is that it is dominated by economic forces, and, outside a
571 few partly sheltered oases, Southeast Asia illustrates the capitalist system in its purest form.[18]

162 Another common feature is the dominance of the agri-
171 433 cultural section of the population. The latest available
171 figures show the percentage proportions of population dependent on agriculture in the area as follows: Burma, 68; Indonesia, 66; Philippines, 69; Thailand, 85.[19] The same source indicates the proportions for various regions of the world as follows: North America, 20; Oceania, 30; Europe, 33; South America, 60; Asia, 70; and Africa, 74.

171 With the prevailing techniques of production and the
433 consequent low productivity per man, dominance of agriculture
434 means low per capita national income. When countries are grouped by level of economic development on the basis of per capita national income as of 1950, all the six countries of Southeast Asia -- Burma, Indo-China, Indonesia, Malaya, Philippines, and Thailand -- fall in the underdeveloped
443 group.[20] Moreover, there is in Southeast Asia a true surplus
464 population on the land in the sense that even under the
161 present methods of cultivation a sizeable fraction of the

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18. Ibid., p. 77.

19. Food and Agriculture Organization, 1953 Yearbook, Vol. VII.

20. Eugene Staley, The Future of Underdeveloped Countries (New York: Harper & Brothers, 1954), pp. 16-17.

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161 man-power could be removed without significantly reducing
433 food output. Under this circumstance, not only the produc-
44 tivity of agriculture but also the opportunity for urban
47 industry to grow and flourish is hampered. A major obstacle to development of efficient manufacturing in underdeveloped countries is the small size of the market, which is in turn a consequence of the low purchasing power of the bulk of the people, most of whom get their living from the land.[21]

161 Southeast Asia has been characterized by its rapid growth in population. Broadly speaking, the region has been until recently one of very thin population. It seems probable that the whole of Southeast Asia in 1800 contained only about ten million people. Malaya then contained about a quarter million people, Java about four million, and Burma probably less than two million. It was, even at the end of the 18th century, a zone of labor shortage. But the last 150 years brought tremendous changes in population. It has been a period of tremendous population increases, causing people to swarm upon the more fertile areas, upon deltas and volcanic cones where people had not clustered before. By the quinquennium 1916-20, the total population of Southeast Asia had become 84 million, by 1936-40, 120 million, and by 1946-50 it was nearly 145 million.[22] This rapid population growth has been a great concern to students in economic

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21. Ibid., p. 253.

22. E. H. G. Dobby, Southeast Asia (London: University of London Press Ltd., 1951), p. 386.

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development who fear that these countries might not be able to expand their production faster than population expands, in which case the result of economic development efforts will be a greater quantity of people with little or no gains in the quality of living conditions. In Zinkin's words, "The growth of population and the impact of the West have between them, in the last hundred years, so upset the delicate balance that most of the Asian countryside is now bankrupt . . . . The alarming feature of the peasant economy of Asia is not simply that it is desparately poor. It is that in recent decades, and in most countries of Asia, it has been growing poorer. It is a changing, dynamic economy. But it has been changing for the worse."[23]

Poverty is not new in Southeast Asia. What is new is the awareness of poverty and the conviction that something can be done about it. "A great change", reported Harold Butler, "is stirring Eastern society. The consciousness of misery has been created by the growing realization that it is not the inescapable lot of the poor and that chances of better life now exist."[24] All of the countries in Southeast Asia have within the past decade set up official agencies charged with planning and promoting economic development; and for international assistance to hasten it, is the constant

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23. Zinkin, op. cit., p. 34.

24. Harold Butler, Problems of Industry in the East (Geneva: International Labor Office, 1938, Studies and Reports, Series B, No. 29), pp. 65-66.

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727 464 together with the curtailment of alien Asiatic immigration, afforded plenty of jobs for those who were willing, or were forced, to work for wages paid in inflated currency.

727 433 464 In the food-surplus countries—Burma, Siam, and Indochina—which were also those receiving the most favored political treatment at the hands of the Japanese, the areas under rice and allied crops declined. The decrease in the number of draft animals through disease and Japanese requisitioning; the lack of implements; and, above all, the loss of former export markets caused the local farmers to cultivate very little more than their families required, and there was a marked exodus from the agricultural communities to the cities or places of more remunerative employment. In the countries of food deficiency—Malaya and the Outer Islands of the East Indies—the Japanese made great efforts and probably succeeded in increasing the area under food-crop cultivation, but never to the point of self-sufficiency. The Japanese also arbitrarily prohibited certain industries as "nonessential" and shifted the workers to others accordingly.

727 465 Very little information is available as to the wages paid during the Japanese occupation. Where local labor was limited and native goodwill was sought, as in Siam, the Japanese seem to have paid high wages from the outset. In densely populated areas like Java, wages were reportedly decreased immediately after the occupation. In time, and with the ever greater need for additional labor services, the Japanese permitted successive wage rises. But nowhere did wage increases keep pace with the more rapidly rising cost of living and they had to be supplemented by allowances, medals, and words of praise. The groups that suffered most from this disparity were the Asiatic government-servant and white-collar class, whose numbers had always exceeded the demand and whose services were far less necessary to the Japanese than was manual labor.

727 466 468 Labor legislation was passed only in negative measures of regimentation and outlawing of strikes. Nevertheless, reports of strikes periodically filtered through the barrage of Japanese propaganda, particularly a few that took place in Indochina and Burma. Most of them registered grievances against low pay, high living costs, and heavy taxation, but some were doubtless of a political character—difficult to distinguish from sabotage. Following one strike in 1943, the Cochin-China police arrested a number of "communists." In Malaya and Indonesia, control by the Japanese military and naval forces was not exercised through any native administration, and the strictness of their rule seems to have precluded any possible recourse to the strike weapon.

727 466 In Burma, Malaya, and Indonesia the Japanese set up a bewildering array of organizations into which the local peoples were regimented by communal, occupational, religious, sex, and age groups. Not only did

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only surmise that a development of the cooperative movements will be furthered as the one policy free from international complications. As to the immigration of Indians and Chinese, the local governments seem unable to chart a course between the Scylla of indigenous nationalist sentiment and the Charybdis of demands from the governments of India and China. The latter today are in a far stronger position than before the war to insist that improved working conditions and greater political privileges be accorded to such of their nationals as they permit to emigrate to Southeast Asia.

Any restoration of the prewar planting-mining economy will depend upon the resumption of Asiatic immigration. But management will be forced to grant better working and living conditions and possibly the governments will have to concede a more privileged political position to immigrant Indian and Chinese laborers. On the other hand, native nationalists throughout the area will try to curtail such immigration and will oppose granting political privileges to alien Asiatics who, they believe, will continue to feel a primary loyalty to their homelands. These opposing forces have already locked horns on the citizenship clause embodied in the Malayan Union plan—the first postwar attempt to ameliorate the political position of alien Asiatics—and the British Government has not yet resolved the equally important immigration issue.

No matter what constitutional changes emerge from the current political crisis in Southeast Asia, the governments set up throughout the area will have to face the same labor and minority problems as did their predecessors. The urge toward industrialization received an impetus from the Japanese occupation, though the synchronous growth in the industries of China and India (not to mention Japan's continuing need for export markets) will offer sharper competition to the nascent industries of the region. Moreover, shortages of labor and fuel in most of Southeast Asia cannot but curtail the expansion of even light industries and may prevent any immediate and effective way of satisfying the desire of nationalists for the establishment of large-scale and heavy industries.

The region seems destined to remain for some time predominantly a source of raw materials and a market for the industrial output of its neighbors. Before the war certain sections of these countries had entered the phase of commercialized agriculture and mining, and of processing the output—distinct advances over the traditional economies. This trend is now being accentuated, although it is influenced by such wartime developments as that of the synthetic-rubber industry. In any case the form of international organization set up to control production and sales will be different from that of the past, in which the colonial producer interests predominated. In the immediate postwar period, world shortages of the commodities produced by Southeast Asia have created a market eager for all its major output.

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on the average, or only between one-third and one-half of the average in Japan.

Moreover, in any comparison between South East Asia and the peasantry of Europe, quite apart from differences in the production of crops other than the staple grain, there is an important difference in the average size of the holdings worked. The South East Asian peasant has fewer acres than the peasantry of Europe. In France, a country of peasant agriculture, about 40 per cent of the total number of agricultural holdings in 1931 were less than 2½ acres apiece; the average size of this group of holdings was 1½ acres each. But about 45 per cent of the total holdings were between 2½ and 22½ acres, with an average of about 10 acres each. There are areas in South East Asia where the average size of peasant holdings is fairly large. In Cochin China, while 72 per cent of the landowners have holdings between 2½ and 12 acres, there are provinces where more than half of them have holdings above 12 acres in size. In Siam, too, the average peasant holding seems of tolerable size—4 acres or so in the south and north east, 5½ acres in the north, and 10½ acres in central Siam, where more than one-third of the rural families live. But in Java, in 1938, the average size of holdings was only just over 2 acres for all tax-paying landowners in the country. In the Tonkin delta of Indo-China, another large area of heavy concentration of peasantry, as much as 60 per cent of the peasants have been reckoned to own holdings of less than nine-tenths of an acre, and 90 per cent to have holdings of under 4½ acres apiece. It has been estimated that a peasant family needs for adequate support 2½ to 5 acres of land, cultivating it by 'wet rice' methods. Many sections of the farming population in Java and Indo-China, for instance, are obviously well below this critical level. Even though large-scale irrigation and very intensive land use, including double cropping of rice in the year and much use of secondary crops, may lower the critical figure considerably, the peasant in such conditions is always liable to have to seek work outside his holding or to put up with inadequate living standards, even in nutrition.

The difficulties of agriculture in such conditions are further increased by the fact that a man's holding is often not a single undivided farm, but a set of dispersed fields, some of very small size. This dispersion and fragmentation of holdings allows for some advantages in adapting crops to soil and water variations, and is some security against wholesale raids by pests, but it makes for technical difficulties in the use of implements and labour on any scale. Since the dispersion is due primarily to traditional customs of inheritance and marriage, efforts to secure consolidation are apt to be only of temporary benefit, though some success has attended administrative action against undue fragmentation.

The same comparatively low level of productivity is seen in fishing, which gives the one great source of animal protein to the South East Asian peasant's diet. Before the war a Malay peasant fisherman produced on the average 1½ tons of fish per head per annum and in 1947 nearly 1 ton per

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433 annum. Productivity in the British fishing industry was, and probably still
226 is, at least eight times as great per man. In the United States' fishing in-
565 dustry it is much greater still. This immensely greater productivity per man is of course achieved only by a much heavier use of capital equipment. Technological investment, then, is an obvious method of trying to raise peasant production.

434 Peasant income in this region is thus low by most standards. Adequate
511 information about this is lacking, but there is no reason to doubt the indi-
565 cative character of what has been collected. For instance, an inquiry in Java in 1926 showed that over 60 per cent of the people had in cash and in kind incomes of less than £12 10s. a year (150 Dutch florins), and 80 per cent had incomes of less than £25 a year (300 florins). In Malaya in 1940 I calculated that the fishermen of the east coast earned on the average about £12 a year. This does not mean much without consideration of the prices of goods on which the income was spent. But any such comparison would soon make it clear that a man with such an income was hard put to it to keep his family in comfort. Cash incomes have risen steeply during and since the war, but so have the prices of consumer goods, and many peasants are probably rather worse off than before, unless they have been able to sell rice or other scarcity goods.

433 The peasant economy of South East Asia uses abundant labour and has
565 a low level of capital equipment. Even then, owing to lack of efficient
461 organization, one can point to a great amount of unused man-hours. Yet these features must not be over-stressed. It is common to blame the peasant for a *dolce far niente* attitude, and attribute his poverty to his idleness. What J. Johnston Abraham, the author of the well-known travel book, *Surgeon's Log*,[1] wrote forty years ago of the Malay is often quoted in essence still:

> The Malay . . . has the aristocratic contempt for toil . . . [he] is of all things a philosopher. He squats in the warm sun and chews betel contentedly. He sees the obvious foolishness of working in a country too hot for toil, when the earth is so prolific that a fortnight's leisurely labour will produce food for a year, and the water is so plentifully supplied with fish that an hour, in the cool of the evening with a net, will supply luxury for a fortnight.
>
> Anyone who has lived among the Malay peasantry and has seen their back-breaking work of rice-planting, or their long hours at sea in the broiling sun hauling the nets for fish, will know what a parody this is. The working rhythm of the Asiatic peasant is different from that of the European. The economic system is not well enough geared to alternative employment when technical hitches occur in his ordinary occupation. But the peasant is not simply thriftless of his time and his money. He plans with care his ploughing, sowing, weeding, and harvesting; he is assiduous in searching for fodder for his animals, in watering his vegetable garden, in repairing his fishing-boat or his net. If he can scrape together some extra cash above the daily needs of his family, he may spend it on clothes for his child or jewellery

[1] London, Chapman & Hall (14th rev. ed., 19[illegible]), pp. 69–70.

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for his wife—but he is equally likely to put it into a piece of equipment or to hire some land. To understand the position of the peasant one must realize the structure of the economic system of which he is a part, and the values of his social system.

The peasant economy must not be thought of as simply a subsistence economy. It has a complex marketing structure which, even apart from Western influences, had an elaborate series of middlemen for making possible the diffusion of cloth, salt, iron, dried fish, spices, and other goods. The system of exchange has been intensified, and the reactions of different types of producers made more sensitive by the influence of the West. On the one side are the Western markets for primary products—coffee, spices, tobacco, copra, kapok, and, above all, rubber—the quick response to which has demonstrated how alive the Asiatic peasant is to making money if the opportunity offers. On the other side are the Western types of consumer goods, novel, attractively presented, easy to use—ranging from lamp oil, imported cigarettes, and cornflour for babies, to electric torches, bicycles, and the cinema. Conservative in his techniques of production, the peasant has shown himself enterprising in his consumption. The result has been that at many points, almost without realizing it, the peasant has become geared to the Western economic system. In the early days of European contact, he had often to be pushed as well as tempted into producing for the Western market. The scathing book, *Max Havelaar*, by the author calling himself 'Multatuli'—later known to be Douwes Dekker—has shown the kind of abuses that resulted from pushing the peasant into an enforced relation to the Western market. But naturally many of these links have been of his own seeking. In the last resort, it is the peasant's own scheme of values, his degree of acceptance of the goods and services which the West offers and which he transmutes to some extent in receiving, which determines his economic destiny.

But for the most part, the peasant has been incapable of perceiving the processes at work. The field is too vast for his comprehension. His reactions to the crisis and depression of the nineteen-thirties were direct and rational as they came under his personal observation. When prices fell he increased production of the export crops to maintain his cash returns; when that failed he retired from the struggle to utilize his backlog of subsistence cropping. But like many a farmer elsewhere, he had not understood much more than the immediate market situation. The pressure of the West has provided the peasant with a new range of wants from which he cannot rid himself even should he wish, and markets for his labour and raw materials which are an inducement to him to modify his habits. A new administrative system has given him fresh legal framework for many of his acts. A new system of taxation, though often lighter than before, is more methodical in its pursuit of defaulters. His land, the foundation of his existence, has for the most part been preserved to him, and indeed the security for his legal title to it has been much improved. But alien planta-